

NEW APPLICATION

ORIGINAL



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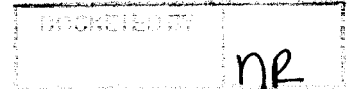
RECEIVED

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2009 MAR 13 A 11: 55
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

MAR 13 2009



BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF LITCHFIELD PARK WATER
COMPANY, AN ARIZONA
CORPORATION, FOR AUTHORITY (1)
TO ISSUE EVIDENCE OF
INDEBTEDNESS IN AN AMOUNT NOT
TO EXCEED \$1,755,000 IN
CONNECTION WITH (A) THE
CONSTRUCTION OF TWO RECHARGE
WELL INFRASTRUCTURE
IMPROVEMENTS AND (2) TO
ENCUMBER ITS REAL PROPERTY AND
PLANT AS SECURITY FOR SUCH
INDEBTEDNESS.

W-01427A-09-0116

DOCKET NO. W-01427A-09 _____

APPLICATION (FINANCING)

Pursuant to A.R.S. §§ 40-285, 40-301 and 40-302, Litchfield Park Service Company ("LPSCO" or the "Company"), an Arizona public service corporation, hereby applies for authority from the Arizona Corporation Commission ("Commission") to (1) issue evidence of indebtedness in an amount not to exceed \$1,755,000 on the terms and conditions to be set forth by the Water Infrastructure and Finance Authority ("WIFA"), and (2) encumber its real property and utility plant as security for such indebtedness. This debt will be incurred for the purpose of constructing two recharge wells for the purpose of recharging effluent

In support of this application, LPSCO states as follows:

1 **A. General Background.**

2 1. The Company is a public service corporation providing water service to
3 approximately 15,600 customers in Maricopa County, Arizona. The Company's present
4 rates and charges for utility service were approved by the Commission in Decision
5 No. 65436 (December 9, 2002).

6 2. LPSCO's business office is located at 12725 W. Indian School Road,
7 Suite D-101, Avondale, Arizona 85392 and its telephone number is (623) 935-9367 and
8 its telecopier number is (623) 935-1020. The Company's primary management contact is
9 Greg Sorensen. Mr. Sorensen is also responsible for overseeing and directing the conduct
10 of this Application. His telephone and telecopier numbers are (623) 298-3753 and (623)
11 935-1020, respectively. His email address is Greg.Sorensen@algonquinwater.com. All
12 discovery, data requests and other requests for information concerning this Application
13 should be directed to Mr. Sorensen, with a copy to counsel for the Company in this
14 matter, Jay L. Shapiro (jshapiro@fclaw.com).

15 3. Financial statements for the twelve-month period ending December 31, 2008,
16 are attached at **Exhibit 1**.

17 **B. Purposes of Financial Transactions.**

18 4. The primary purpose of the long-term debt financing contemplated herein is
19 to construct two effluent recharge wells, two monitoring wells, associated piping and
20 permits within LPSCO's Certificated service area. The total estimated cost of the
21 additional plant and improvements is approximately \$1,755,000. The Company will
22 provide a detailed breakdown of the estimated cost of the water system improvements as a
23 late-filed exhibit. The water infrastructure improvements are necessary to aid in
24 replenishment of the underlying aquifer within LPSCO's certificated service area as well
25 as aid in disposal of excess effluent in an environmentally responsible manner.
26

1 **C. Terms and Conditions of Financial Transactions.**

2 5. The Company has applied to WIFA for financing, in large part, because
3 WIFA expects to receive monies from the recent federal stimulus package. Copies of the
4 Company's WIFA application is attached hereto as **Exhibit 2**. However, the specific,
5 actual terms of the WIFA financing are not known at this time. LPSCO will supplement
6 if and when such information becomes available.

7 6. The Company expects that its repayment obligation to WIFA will be secured
8 by the grant of a security interest in some or all of its real property and its water plant and
9 system, which property and facilities are yet to be identified.

10 **D. Effects of Financial Transactions.**

11 7. The Company's proforma balance sheet for the period ending December 31,
12 2008, is attached at **Exhibit 3**. The pro forma balance sheet reflects the impact of the
13 financing transactions that are the subject of this Application. The pro forma income
14 statements will be filed as a late filed exhibit to this Application. The loan proceeds will
15 be issued for lawful purposes, and the execution of the loan agreement with WIFA and the
16 grant of a security interest in LPSCO's real property, plant and system, and the
17 undertaking of the obligations set forth therein are within the Company's corporate
18 powers. A Corporate Resolution authorizing the contemplated transaction is attached at
19 **Exhibit 4**.

20 8. The financial transactions contemplated herein are compatible with sound
21 financial practices. LPSCO has been urged by the Commission's Chairman to seek WIFA
22 financing to help address capital improvement needs with low cost financing. LPSCO
23 agrees that the pursuit of such financing is warranted.

24 9. The approvals sought herein are compatible with the public interest and with
25 the proper performance of LPSCO's duties as a public service corporation. The proceeds
26 of the financing will be utilized exclusively to construct two effluent recharge wells, two

1 monitoring wells, associated piping and permits within LPSCO's certificated service area.
2 No portion of the proceeds will be used to pay operating expenses. The approvals sought
3 herein are necessary to ensure the Company's ability to continue to provide safe and
4 reliable water utility service in compliance with all applicable law and regulation,
5 including the rules and regulations of ADEQ. No portion of the proceeds will be used to
6 pay operating expenses. The approvals sought herein are necessary to ensure the
7 Company's ability to continue to provide safe and reliable water utility service in
8 compliance with all applicable law and regulation, including the rules and regulations of
9 ADEQ.

10 10. The financing contemplated herein will not impair the Company's ability to
11 perform its duties as a public service corporation providing water utility service.

12 11. LPSCO is in the process of providing notice of this application by publishing
13 notice, in the form provided by the Commission, in a newspaper of general circulation in
14 the area in which the Company provides service. Proof of publication and a true copy of
15 the notice as it appeared in the newspaper will be filed with the Commission.

16 12. The Company is submitting this Application at this time due to WIFA
17 requirements, and shall seasonably provide supplements as additional information
18 becomes available.

19 Based on the foregoing, Litchfield Park Service Company respectfully requests the
20 following:

21 A. That the Commission consider this application on an expedited basis,
22 including the scheduling of a hearing, if necessary, on this matter as soon as practicable;

23 B. That the Commission enter an order approving this Application and
24 authorizing Litchfield Park Service Company to incur indebtedness in an amount not to
25 exceed \$1,755,000 and to encumber its real property and utility plant and system to secure
26 such indebtedness for the purposes described hereinabove; and

1 C. That the Commission authorize Litchfield Park Service Company to take
2 such other and further action as may be necessary to effectuate the purposes of this
3 Application, as may be appropriate under the circumstances herein.

4 RESPECTFULLY SUBMITTED this 13th day of March, 2009.

5 FENNEMORE CRAIG, P.C.

6
7 By: 

8 Jay L. Shapiro

9 Patrick Black

10 Attorneys for Applicant Litchfield Park
Service Company

11 ORIGINAL and 15 copies delivered this
12 13th day of March, 2009 to:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
Phoenix, Arizona 85007

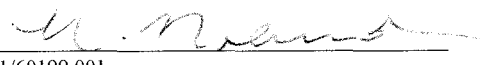
16 By: 
17 2175348.1/60199.001

EXHIBIT 1

Litchfield Park Service Company
Profit and Loss Statement
For the Year Ended December 31, 2008

2008

Revenue

Metered Water Revenues	\$6,753,869
Waste Water Revenues	6,242,608
Effluent Revenues	77,628
Other Revenues	226,028

Total Revenue	13,300,133
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Operating Expenses

Purchases Water	4,905
Purchased Power	1,557,586
Fuel for Power Production	3,060
Sludge and Removal Expense	221,295
Chemicals	659,735
Materials & Supplies	126,264
Contractual Services - Accounting	15,587
Contractual Services - Testing	69,854
Contractual Services - Other	5,589,970
Contractual Services - Legal	28,203
Equipment Rental	76,318
Rents - Building	23,111
Transportation Expenses	210,130
Insurance - General Liability	103,920
Insurance - Vehicle	4,425
Regulatory Commission Expense	82,152
Miscellaneous Expense	99,361
Bad Debt Expense	46,636
Depreciation & Amortization	2,903,699
Property Taxes	528,213

Total Operating Expenses	12,354,424
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Operating Income	945,709
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Interest Expense	617,334
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Total Other Income (Expense)	617,334
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Net Profit (Loss)	328,375
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EXHIBIT 2

Litchfield Park Service Company
BALANCE SHEET
AS AT December 31, 2008

	2008	Ajdustments	2008 Proforma
ASSETS			
Current Assets			
Cash - Operating	\$172,909		\$172,909
Cash - Capacity	15,430		\$15,430
Short Term Investments	1,363,254		\$1,363,254
Reserve Funds / Escrow Account	277,125		\$277,125
Accounts Receivable	1,505,312		\$1,505,312
Prepays	67,864		\$67,864
Total Current Assets	3,401,894		3,401,894
Intercompany	2,009,086		\$2,009,086
Net Property Plant and Equipment	98,887,287	2,900,000	\$101,787,287
Other Assets			
Deferred Costs	348,193		\$348,193
Total Other Assets	348,193		\$348,193
Total Assets	104,646,460	2,900,000	107,546,460
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Liabilities	2,982,386		\$2,982,386
Current Taxes Payable	39,998		\$39,998
Current Portion of Long Term Debt	240,000		\$240,000
Total Current Liabilities	3,262,384		\$3,262,384
Long Term Liabilities			
Third Party Loans	11,039,358	2,900,000	\$13,939,358
Customer Meter Deposits	6,765,227		\$6,765,227
Customer Advances in Aid of Construction	30,085,518		\$30,085,518
Deferred Income Tax	670,974		\$670,974
Total Long Term Liabilities	48,561,077	2,900,000	\$51,461,077
Total Liabilities	51,823,461	2,900,000	\$54,723,461
SHAREHOLDERS EQUITY			
Contributed Capital	44,251,964		\$44,251,964
Common Shares	1,518,653		\$1,518,653
Total Contributed Capital	45,770,617		\$45,770,617
Earnings			
Retained Earnings	6,724,007		\$6,724,007
Year to Date Income	328,375		\$328,375
Total Earnings	7,052,382		\$7,052,382
Total Shareholders' Equity	52,822,999		\$52,822,999
Total Liabilities and Equity	104,646,460	2,900,000	107,546,460

EXHIBIT 3

DRINKING WATER APPLICATION
 Water Infrastructure Finance Authority of Arizona (WIFA)
 Project Financial Assistance Priority List Application

SECTION 1: APPLICATION INFORMATION

APPLICATION NUMBER: DW-191-200

- 1.1 Applicant: Litchfield Park Serice Company Job Title: LPSCO Business Manager
- 1.2 Contact Names: First Matthew Middle Initial: E Last: Garlick
- 1.3 Address: 12725 W. Indian School Rd. Ste. D City: Avondale State: AZ Zi
- 1.4 Phone: (623)298-3763 Fax: (623) 935-1020 E-Mail: matthew.garlick@algonquinwater.com
- 1.5 County in Which Project is Located: Maricopa
- 1.6 Number of Connections to System: 16000 Population Served by the System: 39000
- 1.7 Average Monthly Fee (Base + Use): \$17.98
- 1.8 Existing Debt (principal only) Payable by System Users: \$11,685,000.00
- 1.9 Median Household Income: \$56,119.00
- 1.10 ADEQ System Identification Number (PWS #): AZ0407046
- 1.11 Are you ACC Regulated? ☒ Yes ☐ No
- 1.12 Has this project received prior year WIFA funding?
- ☒ No
- ☐ Yes, request is for a multi-year construction project that received assistance in a previous funding cycle
- ☐ Yes, request is to construct a project that received TA funds in a previous funding cycle
- ☐ Yes, request is for additional financial assistance to offset actual costs of justified overruns
- 1.13 Is your company registered with the E-Verify Program? ☒ Yes ☐ No
 (You will be required to provide proof of participation prior to the execution of a loan or grant agreement.)

SECTION 2: PROPOSED DRINKING WATER FINANCIAL ASSISTANCE PROJECT

- 2.1 Project Title/Name: LPSCO Recharge Wells
- 2.2 Type of loan required during this funding cycle? ☒ Design \$310,000.00 and/or ☒ Construction \$1,445,0
- 2.3 Briefly summarize below the problem (Mail or upload any supporting documentation)
- LPSCO currently produces approximately 3,200 acres feet of effluent a year. LPSCO projects that within 10 years production could exceed 10,000 acre feet. Currently, LPSCO sales effluent for golf course and construction type activities meets the demand of approximately 37 percent of total effluent produced. The remaining Effluent is discharged into the Leu effluent credits. LPSCO believes that a portion of the effluent should be recharged back into the aquifer in which it LPSCO also believes it should occur within its service area.
- 2.4 Briefly summarize below the Solution
- LPSCO understands and has commented to the fact that a portion of excess effluent should be recharged and stored in the aquifer in which it was withdrawn. As the first part of the LPSCO effluent management practices, LPSCO believes low provided by WIFA will enable LPSCO to install several recharge wells within its service area. The project will recharge 1,290 acre feet of effluent a year.
- 2.5 Project Purpose: (Select only one)

Assist Non-Compliant Systems to Achieve Compliance

- ☐ Assist Compliant Systems to Meet Future Reqmnts
☐ Assist Compliant Systems to Maintain Compliance
☐ Other Assistance Not Compliance Related

SECTION 3: EXISTING CONDITIONS AND PROJECT BENEFITS

3.1 Select Type(s) of Needs to be Funded

- | | | |
|--------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Planning and Design Only | <input type="checkbox"/> Treatment-Bacteriological | <input type="checkbox"/> Treatment-Surface Water |
| <input type="checkbox"/> Treatment-Nitrate | <input type="checkbox"/> Treatment-Arsenic | <input type="checkbox"/> Treatment-Radionuclides |
| <input type="checkbox"/> Treatment-Organic Chemical(s) | <input type="checkbox"/> Treatment-Primary Standard [Metals(s)] | <input type="checkbox"/> Treatment-DBP |
| <input type="checkbox"/> Treatment-Other | <input type="checkbox"/> Transmission and Distribution | <input type="checkbox"/> Source |
| <input type="checkbox"/> Storage | <input type="checkbox"/> Purchase of System(s) | <input type="checkbox"/> Restructuring |
| <input type="checkbox"/> Land Acquisition | | |

3.2 Select Expected Project Benefit(s)

- ☐ Compliance - Existing Requirements ☐ Compliance - New Requirements ☐ Expand Service
☐ Reduce Public Health Risks

3.3 Water Quality Improvement

- ☐ Proposed project addresses deficiencies identified by ADEQ ☐ Submitted a complete capacity development plan
☐ Proposed project includes installing meters to monitor water use

3.4 Consolidation and Regionalization

- ☐ Consolidate physical facilities of existing multiple facilities ☐ Extending service to existing areas currently served by facility
☐ Consolidate the operations of existing multiple facilities ☐ Consolidate the ownership of existing multiple facilities

3.5 System Compliance *must mail or upload supporting documents

- ☐ Notice of violations and/or consent orders from regulatory agency *
☒ In compliance

SECTION 4: READINESS TO PROCEED INDICATORS

4.1 Debt Authorization (For more information, see *WIFA Debt Authorization Guidance Document*)

- ☐ Authorized (mail or upload copy of official governing body debt authorization resolution or election results)
☐ Date of Election or Authorization Unknown
☐ Scheduled
 If scheduled, enter anticipated election or authorization date: _____ [mm/dd/yyyy]

4.2 Project Design (Select only one)

- ☐ Completed ☐ Engineer Selected ☐ Date of Completion Unknown ☐ Scheduled for Completion
 Enter anticipated completion date: _____ [mm/dd/yyyy]

4.3 Applicable Plan and Specification Approvals (Select only one)

- ☐ Obtained (mail or upload approval notification)
☐ Date of Approval Unknown
☐ Not Applicable (use textbox below to explain)
☐ Scheduled to Obtain Permits

If scheduled, enter anticipated permit(s) date: _____ [mm/dd/yyyy]

If not applicable, then explain: _____

4.4 Project Bids (Select only one)☐ Solicited Project for Bidding ☒ Date of Solicit Unknown ☐ Scheduled to Solicit Bid(s)

If scheduled, enter anticipated bid award date: _____ [mm/dd/yyyy]

SECTION 5: REQUESTED AMOUNT AND CERTIFICATION/APPROVAL**5.1 Estimated Date WIFA Funding Required:** 04/15/09 [mm/dd/yyyy]**5.2 Estimated Financial Assistance Costs & Funding Source (Soft costs)****Funding Source****Project Costs**

Amount Funded Locally:

\$0.00

Amount Requested from WIFA:

\$1,755,000.00

Other Source: _____

\$0.00**Total Cost:****\$1,755,000.00****5.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my true, accurate, and correct.**

First Name

Last Name

Title

MatthewGarlickLPSCO Business ManagerAuthorized Signature: Matthew GarlickDate: 03/06/09

THE ADDENDUM APPLICATION
 WATER INFRASTRUCTURE BANK - Authority of Arizona (WIFA)
 American Recovery and Reinvestment Act (ARRA)

Community Name: Litchfield Park Service Company Date: 3/6/2009
 Project Contact: Matthew Garlick Phone: (623)298-3763
 Project ID: DW-191-2009 Email: matthew.garlick@algonquinwater.com
 Project Title: LPSCO Recharge Wells

Should this Application be considered for American Recovery and Reinvestment Act funds? ☐ Yes ☒ No ☐ If Yes, following questions below, if you have selected "No", skip to the bottom of this addendum and select submit.

As stated in the cover letter, the purpose of the Act is to provide funds that will stimulate job creation through swift initiation infrastructure projects. The citation below requires WIFA to provide preference to those purposes.

SECTION 1: PREFERENCE FOR QUICK START

ARRA Sec. 1602. In using funds made available in this Act for infrastructure investment, recipients shall give preference that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities initiated not later than 120 days after the date of the enactment of this Act. Recipients shall also use grant funds in a manner that maximizes job creation and economic benefit.

1.1 As of February 17, 2009, when will your project be prepared to start construction?

Already Started ☐ Within 60 days ☐ Within 120 days ☐ Within 180 days ☐ Within 365 days

To enter into a loan agreement, organizations must have debt authorization. If you are not sure what this requires for you refer to WIFA's documents "WIFA Debt Authorization Guidance Document" and "Sample Debt Authorization Resolution"

1.2 Do you currently have debt authorization? ☐ Yes ☒ No. If no, when will do you plan on receiving debt authorization to: March, 3 2009 ☐ March 17, 2009 ☐ April 14, 2009 ☐ May 19, 2009 ☐ June 16, 2009 ☐ Other ☐

1.3 After the start of construction, when will construction be completed and/or the final loan disbursement be requested for? Within 6 months ☐ Within 1 year ☐ Within 2 years ☐ Within 3 years ☐

SECTION 2: USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS

ARRA Sec. 1605. Use of American Iron, Steel, and Manufactured Goods. (a) None of the funds appropriated or otherwise available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. (b) Subsection (a) shall apply in any case or category of cases in which the head of the Federal department or agency involved finds that--

- applying subsection (a) would be inconsistent with the public interest;
- iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably quantities and of a satisfactory quality; or
- inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project more than 25 percent.
- If the head of a Federal department or agency determines that it is necessary to waive the application of subsection (a), the head of the department or agency shall publish in the Federal Register a detailed justification as to why the provision is being waived.
- This section shall be applied in a manner consistent with United States obligations under international agreements

2.1 Are you willing to include this "Use of American Iron, Steel, and Manufactured Goods" requirement in your plans and documents and provide supporting documentation that you have complied with this requirement? Yes ☐ No ☐
 If No, please provide a brief explanation below:

2.2 If you have already solicited bids, was this requirement included? Yes ☐ No ☐ If No, would you be willing to re-bid? Yes ☐ No ☐ If No, if you had to go back out and re-bid, please adjust your answer in Section 1, if necessary.

SECTION 3: WAGE RATE REQUIREMENT

Sec. 1606. Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar to the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code, and section 3145 of title 40, United States Code.

3.1 Are you willing to include this "Wage Rate Requirement" in your plans and specification documents and provide supporting documentation that you have complied with this requirement? Yes No

If No, please provide a brief explanation below:

3.2 If you have already solicited bids, was this requirement included? Yes No If No, would you be willing to re-bid?

No If you had to go back out and re-bid, please adjust your answer in Section 1, if necessary.

SECTION 4: POTENTIAL PROJECT DELAYS

4.1 To your knowledge, are there any issues such as NEPA compliance, SHPO compliance, Permit requirements, etc., that may delay your project? Yes No

If yes, please explain briefly below:

The construction and design could be completed by the given timeframe of 1 year. However, the permitting process to operate may not be completed until 1st Quarter, 2009.

SECTION 5: REPORTING REQUIREMENTS

5.1 Each Calendar quarter during construction, you will be required to provide a report outlining at a minimum the following information:

- Completion status of the project
- Estimated number of jobs created each quarter
- Estimated number of jobs retained since the last quarter

Will you be capable of providing this type of reporting? Yes No

5.2 Please estimate the total number of jobs 12 that will be created or retained if this project receives ARRA funding. Provide a brief explanation below:

The project will keep approximately 12 people busy for several months.

SECTION 6: GREEN INFRASTRUCTURE AND OTHER PROJECTS

6.1 Does your project address any of the following: green infrastructure, water or energy efficiency improvements or other environmentally innovative activities? Yes No

6.2 Sustainability Infrastructure Practices

Per

A. Water Re-Use & Conservation - Project/System

The use of improved technologies and practices to deliver equal or better services with less water.

- ☐ project will generate or utilize reclaimed water for direct re-use
- ☐ project will correct water loss issues
- ☐ project will enhance water conservation program(s)

B. Energy Use & Conservation (Efficiency)

Includes capital projects that reduce the energy consumption of eligible water quality projects or produce clean energy used by a treatment works

- ☐ project will significantly improve system efficiency

☐ project will employ significant alternative energy sources and/or co-generation efforts

☐ project will include an Energy Audit

C. Green Practices (Green Infrastructure)

Green Infrastructure includes a wide array of practices at multiple scales that manage wet weather to maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater.

☐ project will address stormwater through green infrastructure practices

D. Environmentally Innovative Projects

Projects that demonstrate new and/or innovative approaches to managing water resources in a more sustainable way, including projects that achieve pollution prevention or pollutant removal at the least life-cycle costs, subject to environmental review results. Includes approaches to incorporate green infrastructure into drinking water, stormwater and wastewater utility infrastructure and management.

☐ project utilizes solid waste reduction alternatives

☐ project meets EPA "Green Building" practices

☐ other: _____

6.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name

Last Name

Title

Matthew

Garlick

LPSCO Business Manager

Authorized Signature: Matthew Garlick

Date: 03/06/09

This Application Addendum must be printed, signed and returned to WIFA within 5 days of electronic submittal

EXHIBIT 2

Litchfield Park Service Company – Recharge Well Project

<u>Budgetary Estimate:</u>	<u>Quantity</u>	<u>Unit</u>	<u>Total Cost</u>
Irrigation Well Purchases	2	2	\$700,000.00
Wellhead Up-grades	2	2	\$400,000.00
Monitoring Wells and Sample	2	2	\$140,000.00
Engineering	2	2	\$40,000.00
Hydrogeology	1 ls	1	\$50,000.00
Permitting- MCESD	1 ls	1	\$5,000.00
Permitting- ADEQ/APP	1 ls	1	\$60,000.00
Permitting-ADWR	1 ls	1	\$35,000.00
Land Purchase	1 ls	1	\$40,000.00
Permitting-Goodyear	1 ls	1	\$60,000.00
Project Management	1 ls	1	\$59,500.00
Contingency	10%	1	\$165,500.00
Total Project Cost Including Contingency			\$1,775,000.

Litchfield Park Service Company (LPSCO)

LPSCO Recharge Well Project

Briefly summarize below problem:

Litchfield Park Service Company (LPSCO) currently produces approximately 3,200 acre feet of effluent a year. It is projected to produce in excess of 10,000 acre feet a year by 2017. Although LPSCO currently provides reuse water to this existing customer base, the amount of reuse utilized by its customers is only approximately 37 percent of the total effluent production. Currently, LPSCO discharges the remaining effluent to the Roosevelt Irrigation District (RID) canal while recovering In Leu credits through the RID Groundwater Savings Facility. LPSCO believes that a portion of the effluent should be recharged back into the aquifer (located within its service area) as part of best management practices.

Briefly summarize below the solution:

LPSCO understands and has commented to the fact that a portion of excess effluent should be recharged and stored back into the aquifer in which it was withdrawn. LPSCO also believes this should be done within its service area boundaries. As the first part of the LPSCO Management Practices, LPSCO believes low interest funding provided by WIFA will enable LPSCO to better manage excess effluent. LPSCO proposes to convert two (2) existing irrigation wells previously tested and ideally located along the LPSCO existing reuse system in which to start its recharge project. This project will recharge approximately 1,290 acre feet a year.

EXHIBIT 4



March 12, 2009

TO WHOM IT MAY CONCERN

RE: Debt Authorization

Algonquin Water Resources of America ("AWRA"), a Delaware corporation, owns 18 water and wastewater utilities in the States of Arizona, Texas, Missouri and Illinois. The following AWRA owned utilities are making applications to Arizona's Water Infrastructure Finance Authority (WIFA) for loans to finance capital works:

Litchfield Park Service Company (LPSCo), located in Litchfield Park, Avondale, Goodyear and Maricopa County;

Bella Vista Water Co, Inc. located in Sierra Vista and Hereford;

Northern Sunrise Water Company, Inc. located in Whetstone;

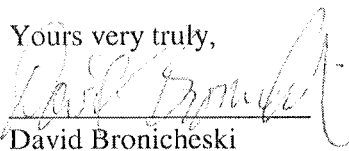
Southern Sunrise Water Company, Inc. located in Hereford;

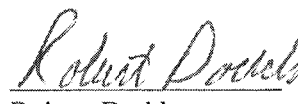
Rio Rico Utilities Inc., located in Rio Rico; and

Black Mountain Sewer Corporation, located in Carefree and Cave Creek.

Debt Authorization is hereby granted as of this date to these utilities by AWRA, all of which is subject to approval of the Arizona Corporation Commission (ACC). Application to the ACC for approval of the debt will be made by each relevant utility within three (3) weeks of notification by WIFA that its application has been approved. Each utility has no control over the time it will take to receive ACC approval of the debt.

Yours very truly,


David Bronicheski
Chief Financial Officer


Robert Dodds
President

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